



MEMORANDUM

TO: Dennis Fay
Alameda County Congestion Management Agency
FROM: CJ Strategies
RE: Economic Stimulus Update
DATE: January 29, 2009

The House passed the stimulus package (H.R. 1) on January 28, by a mostly party-line vote of 244-188. We have attached the bill text and report. However – amendments adopted on the floor have not yet been included. The Senate will take up its package next week. We have attached the Senate Appropriations Committee text and report. Senate Finance has not released its legislative text.

Highlights of H.R. 1:

Highways

Total funding for surface transportation is \$30 billion. Funds would be distributed by current formula as authorized under SAFETEA-LU with a portion of the funds within each State being suballocated by population areas. Set asides are also provided for: Indian reservation roads; park roads and parkways; on-the-job-training programs focused on minorities, women, and the socially and economically disadvantaged; a bonding assistance program for minority and disadvantaged businesses; and environmentally friendly transportation enhancements.

Transit

Total funding for transit is \$12 billion. \$9 billion was in the original draft; however, Congressman Nadler (D-NY) offered an amendment during floor consideration that added \$3 billion for transit. See below for funding breakdown with additional Nadler funding:

- ***Transit Capital Assistance: \$7.5 billion (Sec 5307 and 5309)***
To purchase buses and equipment needed to increase public transportation and improve intermodal and transit facilities. Funds will be distributed through the existing urban and rural transit formulas.
- ***New Starts Program: \$2.5 billion (Sec 5309)***
New commuter rail or other light rail systems to increase public use of mass transit and to speed projects already in construction.
- ***Fixed-Guideway Modernization: \$2 billion (Sec 5309)***
To modernize existing transit systems, including renovations to stations, security systems, computers, equipment, structures, signals, and communications. Funds will be distributed through the existing formula.

Timeline – Chairman Oberstar offered an amendment during floor debate to restore the requirement that half the money for highway, aviation, transit and rail projects be *obligated* within 90 days of enactment. During markup, House Appropriations had substituted a 180-day deadline.

Highlights of S. 1:

The Senate Appropriations and Finance Committees marked up their respective bills on January 27. The full Senate is expected to take up the bills next week. We anticipate there will be multiple amendments offered and several days of debate.

Highways

The Senate Appropriations Committee included \$27 billion for highway investments. Funds may be used for capital projects eligible for funding under the Surface Transportation Program including: highway rehabilitation and restoration, bridge repair, infrastructure investments that improve highway safety, highway resurfacing, and seismic retrofit projects for bridges. The bill also authorizes grant recipients to use this funding to invest in projects that address stormwater runoff, passenger and freight rail transportation, and port infrastructure. Finally, the bill requires that States spend at least 5 percent of their apportioned funding on activities eligible under the Congestion Mitigation and Air Quality [CMAQ] Improvement program including: diesel retrofits, congestion mitigation, parking facilities, and traffic flow improvements.

Half of the funds are intended for use within 180 days and the other half are intended for use within one year. The Committee included a “use-or-lose” provision in the bill. The first half of the funding will be provided to state governments, and must be obligated within 180 days of the grants’ distribution. Any funds left unobligated by the states after 180 days will be reallocated by the Federal Highway Administration among the other states.

The second half of the funding will be available for obligation for a full year from the date of enactment. Of that funding 20 percent will be distributed to states and 80 percent will be distributed to local governments. Any unobligated balances remaining after one year will be transferred to the competitive grants program discussed below.

Transit

Total funding for transit in the current Senate draft is \$8.4 billion. No funding has been included for New Starts.

- ***Transit Capital Assistance: \$6.8 billion (Sec 5307 and 5309)***
To purchase buses and equipment needed to increase public transportation and improve intermodal and transit facilities. Funds will be distributed through the existing urban and rural transit formulas. This funding would flow in 2 parts:

Half of the funds are intended for use within 180 days and the other half are intended for use within one year. The Committee included a “use-or-lose” provision in the bill. The first half of the funding must be obligated within 180 days of their distribution, with any unobligated balances being redistributed among the other grantees. The remaining funds must be obligated within one year of their distribution. Any unobligated balances will be transferred to the competitive grants discussed later in the memo.

- ***Energy Efficiency Grants:*** Of the total \$8.4 billion, the Senate bill allocates \$200 million for grants to transit agencies that will reduce the energy consumption or greenhouse gas emissions of their public transportation systems. These grants may be used for projects that include, but are not limited to, improvements in lighting, heating, cooling, or ventilation systems at public transportation stations and facilities; adjustments to signal timing or other vehicle controlling systems, including computer controlled systems; the purchase or retrofit of rolling stock; and improvements to energy distribution systems. The bill requires that priority shall be given to projects based on the total energy savings that are projected to result from the investment, and the projected energy savings as a percentage of the total energy usage of the public transit agency.
- ***Senate Finance Tax Portion of Stimulus*** -- the Senate Finance Committee included language from the Commuter Benefits Equity Act in its portion of the stimulus. The language would increase the monthly exclusion for employer-provided transit and vanpool benefits to the same level as the exclusion for employer-provided parking. The language equalizes the mass transit and parking benefits at \$230 per month. The proposal does not apply to tax years beginning after December 31, 2010.

Competitive Grants -- \$5.5 billion for competitive grants. These grants will go to many different kinds of transportation investments – including highway, transit, rail, or port infrastructure – but the bill requires that projects must have a significant impact on the nation, a region, or a metropolitan area. Grants for this funding will be made from the \$5.5 billion appropriated directly to the program, as well as any amounts transferred as a result of the “use-it-or-lose-it” provisions applied to the highway and transit formula grants.

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